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Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00
EB-08 INR-07 NSAE-00 CIEP-01 FAA-00 AID-05 XMB-02
TRSE-00 /034 W
----------251456Z 037786 /53
P 251134Z JAN 77
FM AMEMBASSY LIBREVILLE
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E.O. 11652: N/A
TAGS: EAIR, GB
SUBJ: GABONESE AIRCRAFT PURCHASES AND EXIM FINANCING

REF: STATE 015209, STATE 015838

1. SUMMARY. MAYILA TRIP DEFERRED UNTIL EARLY FEBRUARY AS BOEING AND DOUGLAS BATTLE FOR AIR GABON SALE. LOCKHEED HAS MADE SEPARATE PROPOSAL FOR ADDITIONAL L-100 AT GOG REQUEST. END SUMMARY.

2. PURCHASE OF AIRCRAFT FOR AIR GABON HAS GROWN INCREASINGLY COMPLICATED OVER PAST WEEK, WITH MCDONNELL DOUGLAS RE-ENTERING FRAY AND OFFERING STIFF COMPETITION TO FRONT-RUNNING BOEING TEAM.

3. AS BEST EMBASSY CAN RECONSTRUCT SITUATION FROM CONVERSATIONS WITH PRESIDENCY DIRECTEUR DE CABINET MAYILA AND REPRESENTATIVES OF BOTH MANUFACTURERS, DOUGLAS TEAM SAW PRESIDENT BONGO JANUARY 22 AND PRESENTED PROPOSAL INCLUDING 100PERCENT FINANCING FOR PACKAGE OF DC-9 AND DC-10. DETAILS OF FINANCING PLAN NOT KNOWN, BUT APPARENTLY INVOLVED SOME FORM OF OFFSHORE BRIDGE FINANCING TO COVER INITIAL DOWNPAYMENT PLUS STANDARD EXIMBANK/
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COMMERCIAL BANK LOANS FOR BALANCE OF COST.

4. MAYILA SPRANG DOUGLAS OFFER ON BOEING TEAM LATER SAME EVENING, TELLING THEM IN EFFECT TO MATCH FINANCING OR LOST SALE. (WITH BOEING PACKAGE APPROXIMATELY $70 MILLION, MINIMUM DOWNPAYMENT WOULD BE 10.5 MILLION AND THIS IS AMOUNT GOG WANTS BOEING TO COVER.)

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BOEING REPS, SLIGHTLY STUNNED AT THREAT TO WHAT WHEY HAD SEEN
AS SURE SALE, FLEW OFF TO EUROPE TO CONSULT WITH FINANCIAL
EXPERTS, PROMISING RETURN AT END THIS WEEK WITH NEW
PROPOSALS.

5. IN LIGHT THESE LATEST DEVELOPMENTS, MAYILA HAS POSTPONED
HIS TRIP TO US UNTIL APPROXIMATELY FEB. 5 OR 6. HE TOLD
ME JANUARY 25 THAT HE WISHES ALLOW ENOUGH TIME TO SORT
OUT COMPETING PROPOSALS AND FINANCING ARRANGEMENTS, SO THAT
HE CAN GO TO EXIMBANK WITH CLEAR DECISION ON AIRCRAFT
PACKAGE FOR WHICH FINANCING IS SOUGHT.

6. REPRESENTATIVES OF GENERAL ELECTRIC AND UNITED
TECHNOLOGIES (PRATT AND WHITNEY) HAVE ALSO BOTH VISITED
LIBREVILLE IN RECENT WEEKS TO STRESS MERITS OF
THEIR RESPECTIVE JET ENGINES. FORMER FEELS HE WOULD
HAVE COMPETITIVE EDGE IF GOG CHOOSES DOUGLAS EQUIPMENT
WHILE LATTER WOULD HOLD ADVANTAGE IF SALE GOES TO BOEING,
BUT FINAL CHOICE OF ENGINES SEEMS LIKELY TO BE MADE
IN ANY CASE BY AIR FRANCE AS TECHNICAL ADVISER TO
AIR GABON.

7. SEPARATE FROM AIR GABON NEGOTIATIONS, LOCKHEED
REPRESENTATIVE HAS BEEN IN TOWN IN RESPONSE TO GOG
INTEREST IN BOTH ADDITIONAL L-100 AND EXECUTIVE JET.
HIS PROPOSAL OF JET STAR WAS SUMMARILY REJECTED BY GOG
BECAUSE AIRCRAFT LACKS RANGE TO FLY NON-STOP LIBREVILLE/
PARIS, WITH MAYILA TELLING HIM SIMPLY THAT GOG WILL
"WAIT FOR GULFSTREAM III". GOG DOES, HOWEVER, WANT TO
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PLACE EARLY ORDER FOR ADDITIONAL L-100-30, FOR WHICH
LOCKHEED REPRESENTATIVE HAS MADE FORMAL PROPOSAL. WHILE
AWAITING GOG ACCEPTANCE OF PROPOSAL, LOCKHEED WILL
CONSULT WITH COMMERCIAL BANKS AND PRESUMABLY WITH
EXIMBANK AS WELL REGARDING FINANCING ARRANGEMENTS.

8. COMMENT: IF BOEING CAN MATCH DOUGLAS FINANCING
OFFER, BELIEVE THEY STILL HAVE INSIDE TRACK FOR CONTRACT
DESPITE STIFF COMPETITION MOUNTED BY DOUGLAS. SINCE
AIR AFRIQUE AND UTA FLY DC-10, CHOICE OF SAME
AIRCRAFT BY AIR GABON WOULD BE FAR LESS DRAMATIC
THEN INTRODUCTION OF 747 -- AND BONGO IS KEENLY AWARE
OF IMPORTANCE OF DRAMA IN HIS ACTIONS. IN ANY EVENT,
COMPETITION IS CLEARLY BETWEEN TWO US AIRCRAFT MANU-
FACTURERS, WITH AIRBUS NO LONGER EVEN MENTIONED, SO
WE ARE SITTING IN GOOD POSITION NO MATTER HOW GOG
DECIDES.STEIGMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRCRAFT SALES, CONTRACTS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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